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**HOSPITAL SERVICE DISTRICT NO. 1
OF EVANGELINE PARISH**

Ville Platte, Louisiana

Financial Report

Year Ended December 31, 2002

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/12/03

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FOURTH OF JUNE
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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Hospital Service District No. 1
of Evangeline Parish
Villie Platte, Louisiana

We have audited the accompanying general purpose financial statements of the Hospital Service District No. 1 of Evangeline Parish, a component unit of Evangeline Parish Police Jury, as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Hospital Service District No. 1 of Evangeline Parish as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 28, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information (pages 11-14) is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Hospital Service District No. 1 of Evangeline Parish. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The financial statements of the Hospital Service District No. 1 of Evangeline Parish as of and for the year ended December 31, 2000, were audited by other auditors whose report dated June 18, 2001, expressed an unqualified opinion on those statements.

Kaiser, Champagne, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
April 18, 2001

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

SEWERAL SERVICE DISTRICT NO. 1 OF EVANGELINE PARISH
Villie Platte, Louisiana

Combined Balance Sheet - All Fund Types and Account Group
December 31, 2002

	Governmental Fund Types		Account Group	Totals	
	Capital Projects	Debt Service	General Long-Term Debt	(Memorandum Only)	
				2002	2001
ASSETS AND OTHER DEBITS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 540
Investments	-	-	-	-	6,528,173
Amount available in debt service fund	-	-	-	-	6,663,080
Total assets and other debits	\$ -	\$ -	\$ -	\$ -	\$13,588,713
LIABILITIES, OTHER CREDITS AND FUND BALANCES					
Liabilities:					
General obligation bonds	-	-	-	-	6,663,080
Fund equity:					
Fund balances - reserved					
Capital expenditures	-	-	-	-	58
Debt service	-	-	-	-	6,528,655
Total fund equity	-	-	-	-	6,528,713
Total liabilities and fund equity	\$ -	\$ -	\$ -	\$ -	\$13,588,713

The accompanying notes are an integral part of these statements.

HOSPITAL SERVICE DISTRICT NO. 1 OF EVANGELINE PARISH
Ville Platte, Louisiana

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Governmental Fund Types
Year Ended December 31, 2002

	Governmental Fund Types		Totals	
	Capital Projects	Debt Service	(Information Only)	
	2002	2002	2002	2002
Revenues:				
Lease rental revenue	\$ -	\$ -	\$ -	\$ 579,150
Interest	-	2	2	34,521
Total revenues	-	2	2	603,671
Expenditures:				
General government -				
Administrative fees	-	-	-	2,185
Bank charges	6	-	6	32
Debt service -				
Principal	-	6,060,008	6,060,080	1,865,774
Interest and charges	-	468,174	468,174	420,527
Total expenditures	6	6,528,174	6,528,180	3,288,328
Excess (deficiency) of revenues over expenditures	18	(6,528,172)	(6,528,178)	(1,684,657)
Other financing sources (uses):				
Proceeds from sale of fixed assets	-	-	-	7,414,819
Transfers to hospital	(52)	(483)	(535)	(323,732)
Total other financing sources (uses)	(52)	(483)	(535)	7,091,087
Excess (deficiency) of revenues over and other financing sources (uses) over expenditures	(34)	(6,528,655)	(6,528,713)	5,406,711
Fund balances, beginning	58	6,528,655	6,528,713	826,892
Fund balances, ending	\$ -	\$ -	\$ -	\$6,528,712

The accompanying notes are an integral part of these statements.

HOSPITAL SERVICES DISTRICT NO. 1
OF EVANGELINE PARISH
Villie Platte, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Hospital Service District No. 1 of Evangeline Parish (the District) was created by an ordinance of the Evangeline Parish Police Jury on May 10, 1995. The Board of Commissioners is the governing body of the District and is composed of five members. The Evangeline Parish Police Jury appoints all five commissioners.

The following is a summary of certain significant accounting policies:

A. Basis of Presentation

The accompanying general purpose financial statements of the Hospital Service District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

As the governing authority of the parish, for financial reporting purposes, the Evangeline Parish Police Jury is the financial reporting entity of Evangeline Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Although legally separate from the Evangeline Parish Police Jury, the District is considered a component unit of the Evangeline Parish Police Jury because the police jury appoints all commissioners of the District and has the ability to impose its will on the District. Also, the District could provide specific financial benefits or impose specific financial burdens on the police jury. This report includes the component unit financial statements of the District only.

On August 18, 1996 the District entered into a lease agreement with Villie Platte Medical Center, Inc., a not-for-profit organization, to lease from the District a hospital facility together with the equipment for a period of twenty years. Due to the nature and significance of its relationship with the District, Villie Platte Medical Center, Inc. is considered to be a component unit of the District. The financial statements of the Villie Platte Medical Center, Inc. are not included in this report. The complete financial statements of Villie Platte Medical Center, Inc. can be obtained directly from its administrative office.

On November 30, 2001, the District sold all assets to LifePoint Hospitals, Inc., thereby terminating the lease with Villie Platte Medical Center.

HOSPITAL SERVICE DISTRICT NO. 1
OF STANGELINE PARISH
Vill Plana, Louisiana

Notes to Financial Statements (Continued)

C. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund presented in the financial statements is described as follows:

Governmental funds -

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt service fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

E. General Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the individual fund. No depreciation has been provided on general fixed assets.

HOSPITAL SERVICE DISTRICT NO. 1
OF EVANGELINE PARISH
Vile Plate, Louisiana

Notes to Financial Statements (Continued)

F. Budgets

Budgets were not adopted for the Capital Projects and Debt Service Funds.

G. Cash and Investments

Cash includes amounts in savings accounts and money market accounts.

The investment balance of the Evangeline Parish Hospital Service District consists of a money market fund purchased through FIMCO that invests exclusively in obligations issued and backed by the U.S. Treasury. These unsecured, unregistered short-term securities include Treasury bills, notes and bonds. The market value for this investment is the same as its carrying amount at December 31, 2002.

H. Fund Balances

Reserve fund balances represent those portions of fund equity not appropriate for expenditures or legally segregated for a specific future use.

I. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Changes in Long-Term Debt

The following changes occurred in the general long-term debt account group:

	<u>12/31/2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2002</u>
General obligation bonds	<u>\$5,080,000</u>	<u>\$</u>	<u>\$5,080,000</u>	<u>\$</u>

In November of 2001, the proceeds from the sale of the Vile Plate Medical Center were placed into an irrevocable escrow fund to provide for the defeasance of the \$7,050,000 Series 1995 General Obligation Bonds.

HOSPITAL SERVICE DISTRICT NO. 1
OF EVANGELINE PARISH
Villie Platte, Louisiana

Notes to Financial Statements (Continued)

(3) Compensation of Board of Commissioners

The Board of Commissioners of the District receive no compensation and are only reimbursed for their expenses incurred relating to the District's business, which must have appropriate supporting documentation.

(4) Litigation

There is no litigation pending against the Evangeline Parish Hospital Service District at December 31, 2002.

SUPPLEMENTARY INFORMATION

**COMPLIANCE
AND
INTERNAL CONTROL**

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Hospital Service District No. 1
of Evangeline Parish
Villie Platte, Louisiana

We have audited the financial statements of the Hospital Service District No. 1 of Evangeline Parish as of and for the year ended December 31, 2002, and have issued our report thereon dated April 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Hospital Service District No. 1 of Evangeline Parish's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hospital Service District No. 1 of Evangeline Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties.

Keller, Champagne, Steven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
April 28, 2003

REGENTAL SERVICE DISTRICT NO. 1 OF EVANGELINE PARISH
Villu Plant, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year ended December 31, 2002

Ref. No.	Fiscal Year Finding Initially Occured	Description of Finding	Corrective Action Taken		Corrective Action Planned	Status of Correct Action	Anticipated Completion Date
			Taken				

CURRENT YEAR (12/31/02) --

There were no findings for the year ended December 31, 2002.

PRIOR YEAR (12/31/01) --

There were no findings for the year ended December 31, 2001.